GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:831
ANSWERED ON:24.07.2015
Inflation
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Will the Minister of FINANCE be pleased to state:

(a) whether the wholesale price inflation has started showing declining trend, marking the 7th consecutive month in which it has been negative;
(b) if so, the details thereof and the reasons therefor;
(c) whether Wholesale Price Index (WPI) is the main measure of inflation; and
(d) if so, the details thereof and reasons for not measuring inflation on the basis of Consumer Price Index (CPI)?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b) Inflation based on wholesale price index (Base 2004-05=100) remained negative since November 2014 (Table 1).

Table 1: Wholesale price inflation (in per cent)

Period	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
WPI Inflation	5.4	3.9	2.4	1.7	-0.2	-0.5	-0.9	-2.2	-2.3	-2.4	-2.4	-2.4

Source: Office of the Economic Adviser, DIPP; Note: Figure for last two months are Provisional.
The decline in wholesale price inflation is due to fall in inflation of majority of the groups like non-food articles, minerals, crude petroleum, fuel & power, rubber & plastic products and basic metals, alloys & metal products.
(c) & (d) In India, inflation is measured in terms of Wholesale Price Index (WPI) as well as Consumer Price Indices (CPIs) viz, Consumer Price Index- Rural, Urban, Combined, Consumer Price Index- Industrial Workers, Consumer Price Index- Agricultural Labourers and Consumer Price Index- Rural Labourers. The Reserve Bank of India (RBI) has started using CPI- Combined as the sole inflation measure for the purpose of monetary policy. The agreement on Monetary Policy Framework between the Government and the RBI dated February 20, 2015 defines the price stability objective explicitly in terms of the target for inflation as measured by the Consumer Price Index- Combined.